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C O N F I D E N T I A L ROME 001766

SIPDIS

STATE FOR EB/CBA (MERMOUD) AND EUR/WE
COMMERCE FOR 534 BIS, MAC/EUR, USFCS/ADVOCACY

E.O. 12958: DECL: 05/23/2015

TAGS: BEXP ETRD PREL IT BUY AMERICA

SUBJECT: (C) REQUEST FOR SECDEF ADVOCACY ON GE PROPULSION

OFFER FOR FRENCH-ITALIAN SHIP PROJECT

REF: A. PARIS 3485

IB. ROME 1465

Classified By: Deputy Chief Of Mission Emil Skodon for reasons 1.4 (b)
and (d)

¶1. (C) Action Request: Embassy Rome agrees with Embassy Paris (ref A) that letters that we delivered from Secretaries Rice and Gutierrez to their Italian counterparts were helpful indications of high-level USG interest in General Electric's bid to provide gas turbines for the joint French-Italian Multi-Mission Frigates (FREMM). As in France, we understand that the Ministry of Defense here will play a decisive role in the ultimate decision. Our local GE contacts believe that a DOD-MOD letter would be very important (though they still hope for direct presidential advocacy, to counter UK Prime Minister Blair's direct advocacy with PM Berlusconi). We believe that an advocacy letter from Secretary of Defense Rumsfeld to Italian Minister of Defense Antonio Martino would be helpful, and thus request that the Department, together with Commerce, support Embassy Paris' request to DOD for letters to the Italian and French Defense Ministers. End Action Request.

¶2. (SBU) Our assessment of the current state of the decision-making process on this procurement matches that of Embassy Paris. The Paris Air Show would provide a high-profile background for an announcement, and thus appears to be the most logical upcoming point for a decision. An article in the May 22 "Il Sole 24 Ore," Italy's largest financial daily, indicates that both Italy and France want to hammer out the details of each country's work on this "megacontract" within the next month, making urgent a decision on the engine procurement. The article states that Italy has held up the decision in part due to concerns about the potentially negative effect on the Italian firm Avio (which is partnering with GE) should Italy acquiesce to France's reported wish to procure the engines from Rolls Royce.

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